



# Mid-February 2023 North America Freight Market Outlook



## Top News

### Canadian Customs Update

#### Canadas New Forced Labour Act and Who it Affects

Canada is exploring forced labour regulation as this issue continues to surface in supply chains. To combat forced labour, Canada will be implementing Bill S-211. This bill will be referred to as the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* which will create new annual reporting rules for large businesses.

This new bill will require businesses to file an annual report if they meet both the **Size** and **Nexus** test.

The **Size** test is to determine if the company is considered a large business. To be considered a large business, a company will need to meet any of the two thresholds:

The business has:

1. **\$20 million in assets**
2. **\$40 million in revenue**

### 3. At least 250 employees

The **Nexus** test is to determine if the business conducts any business activities in Canada. To **Nexus** test will be passed if any of the following conditions are met:

The business:

1. **Distributes goods in Canada**
2. **Imports goods into Canada**
3. **Carries on Business in Canada**
4. **Its place of business is in Canada**

If any businesses pass the **Size and Nexus** test, they will need to file an annual report. This annual report will require businesses to submit a detailed plan on the steps they take to prevent and reduce the risk that child and forced labour is not used at any point in the production of their goods. For businesses that fail to submit the detailed report, they will be subjected to a non-compliance liability fine of up to \$250,000.

The new bill will also give government agents extensive search and seizure powers without needing a warrant. The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* is expected to come into force on January 1, 2024.

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# North American Freight Update

## Ocean Freight

### Canadian West Coast Ports and Dwell Times

The Vancouver and Prince Rupert port are experiencing similar port delay times heading into February, delays are as follows:

- The **Vancouver Port** is currently experiencing an average delay of **14 days**.
- The **Prince Rupert port** is currently experiencing an average delay of **11 days**.

### United States Port Delays

Currently the United States is experiencing port delays, the delays are as follows:

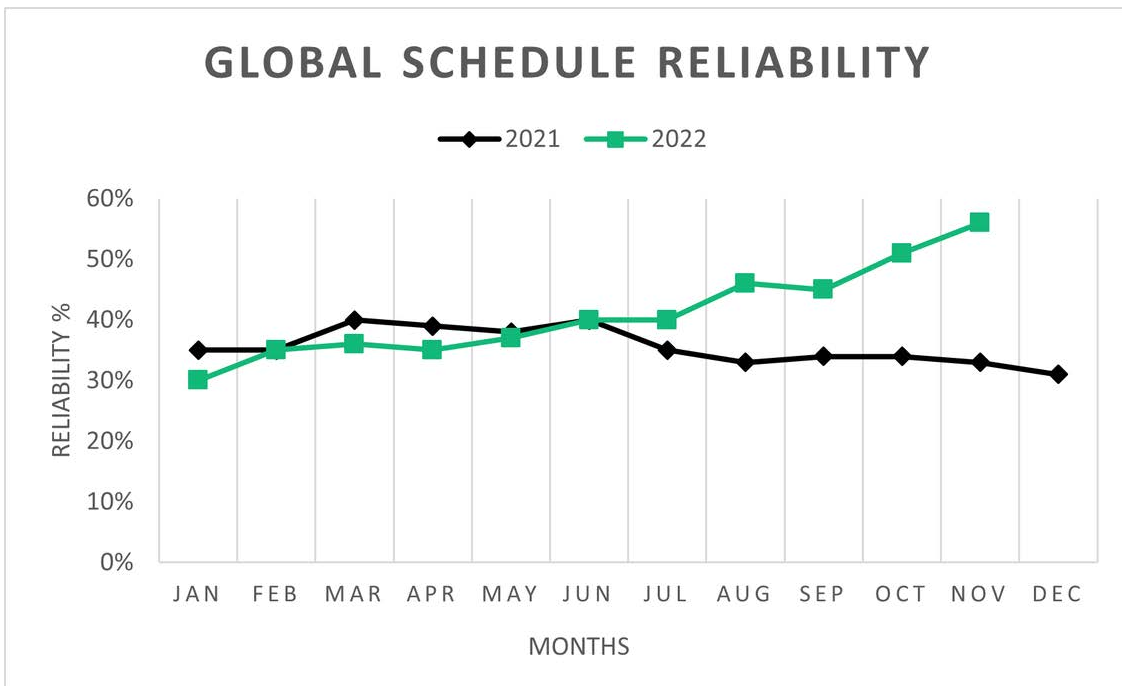
- **Houston** is experiencing an average delay of **3 days**.
- **Los Angeles/ Long Beach** is experiencing an average delay of **1 days**.
- **Oakland** is experiencing an average delay of **1 days**.
- **New York/ New Jersey** is experiencing an average delay of **3 days**.

North America has seen an overall improvement in port delays by **34%** from Mid-January. We recommend that importers incorporate the Canadian and United States port delays into their estimated time of arrival to prevent supply chain shortages. If you need assistance to navigate these delays, please contact DTS Advance Logistics.

### Global Ocean Freight Schedule Reliability

The global ocean freight schedule reliability saw an impressive improvement in Q4 of 2022. For the first time in 2 years global schedule reliability was above 50%.

The improvement in the freight schedule reliability can be attributed to less Covid-19 restrictions and a decrease in demand for ocean freight. This has allowed ports to catch up on backlogged containers which has created less congestion. It is projected that by the end of Q4 2023 ocean freight schedule reliability will be back to pre-Covid-19 levels.



## Air Freight

### Air Freight Month Over Month Volume Report

North American Air Freight saw an increase in volume for both import and exports in the month of January 2023 compared to December 2022.

The average month over month increase for North American export capacity is **35.6%**. Exports from North America to Latin America saw the biggest month over month improvement by **44%**.

The average month over month increase for North American Imports is **44.4%**. Imports from Asia & Pacific to North America had a month over month increase of **46%**.

Even with the rise in demand for air freight demand, it is not a large enough spike to increase rates as they have remained stable in January 2023.

## **Land Freight**

### **Heavy Load Spring Restrictions**

The CN has announced that they will be implementing their Spring Weight Restriction for heavy loads by March 6, 2023, to prevent potential backlogs.

If importers have an overweight load after the deadline date, there will be options provided by the CN to have the load delivered. The CN will do this by arranging transloading and using specialty equipment.

There will be a surcharge for using the special equipment and arranging transloading. This charge will be reviewed on a case-to-case basis and the fees will be passed onto the importer. This charge will be presented to the importer by written confirmation before the overweight arrangements are made.

### **CN and CP Congestion Improves in Q1 2023**

Fortunately, the CN and CP container pick and return continues to improve going into February, the empty container return status has started to improve in February 2023 as shipment demand has dropped allowing terminals to catch up on backlogged containers.

In Q1 of 2023 the CN and CP terminal congestion is expected to improve as shipment demand is projected to decrease throughout Q1. Congestion at the terminals will not be fixed instantaneously but drivers will no longer need to wait 4-5 hours to drop off or pick a container. Instead, the average wait time drivers incur will decrease to 2-3 hours.

The decrease in terminal congestion will also help prevent detention charges as drivers can return containers before the free time expires.

## **Changes to the CN and CP Storage Time**

The CN and CP has changed their free storage time to 24hrs. This change requires all containers to incur the prepull service on trucking companies' chassis to avoid extra demurrage and detention charges. The CP has also increased their terminal yard storage fee from \$225 to \$350. Trucking companies have also announced that the prepull service will no longer include free time and their storage fee has increased to \$100/day.

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